

Statement of the Honorable Greg Walden
Chairman, Subcommittee on Communications and Technology
Hearing on “Promoting Broadband, Jobs and Economic Growth Through
Commercial Spectrum Auctions”
June 1, 2011

Spectrum legislation presents a tremendous opportunity to promote wireless broadband, spur economic growth, create jobs, and generate significant revenue for the American taxpayer. This hearing will focus not only on how we might advance our goals by auctioning currently available spectrum, but how we might also create a marketplace where licensees can voluntarily return spectrum for broadband in exchange for a share of the auction proceeds.

The communications industry in America is in a time of massive change. Americans’ voracious appetite for mobility has made wireless service an overwhelmingly popular way for Americans to stay connected. In fact, nearly one-in-four Americans has “cut the cord,” relying solely on wireless for their voice communications needs. Similarly, wireless is the fastest growing area of broadband connectivity. The convenience of mobility that moved us toward wireless voice is having the same effect in the broadband arena.

Last week we had our hearing on public safety spectrum, and I continue to have concerns that reallocating the D-block rather than auctioning it may be a mistake. The Advanced Wireless Services 3 spectrum is another block already available for auction, although many believe it would best be paired with spectrum currently occupied by federal users. All of this spectrum needs to be part of the discussion.

Another avenue for consideration is voluntary incentive auctions—something that both the FCC’s National Broadband Plan and the President’s budget identify. Current license holders, such as some television broadcasters and satellite operators, might be willing to relinquish spectrum and use the auction proceeds to fund operations or new innovative ventures. For example, the DTV transition has allowed broadcasters to transmit in high-definition and add additional over-the-air channels. Additional funding could help pay for expanded mobile, Internet, and even broadband offerings. We can, and should, act to preserve and promote this important service.

I support incentive auctions. But any incentive auction in which a licensee forfeits spectrum rights must be voluntary. This is not only good spectrum policy, it is good economic policy. Incentive auctions help match willing buyers and willing sellers. If a broadcast station values its spectrum more than a potential wireless broadband provider is willing to pay, the station will not be forced off the air. However, as Mr. Ellis will attest to in his testimony, there are broadcasters interested in participating in an incentive auction.

This opportunity for broadcasters presents opportunities for our nation's economy, as well. Broadcasters who agree to surrender their licenses through an incentive auction—or those who choose to only return a portion of the license and channel share with another broadcaster—will provide the U.S. government with the opportunity to re-auction their licenses to wireless providers who desperately need additional spectrum to meet consumer demand. Those auctions will generate revenue for the Treasury for debt reduction. Moreover, they will help create badly needed jobs. Buildout of wireless networks is an infrastructure project that requires the labor of Americans across a broad cross-section of geography, education, and skill levels. And of course increased wireless broadband will boost productivity and create new and innovative lines of business.

The wireless industry's track record for innovation is second-to-none. But wireless is not the sole venue for innovation. As we move forward with additional changes to the broadcast television service, we should work with broadcasters to identify regulations that are hindering additional innovation within their service. Over-the-air broadcasting remains a vital and important part of the communications infrastructure of America—fostering its innovation is in everyone's interest.

I remain confident that a properly crafted incentive auction can benefit broadcasters—whether they participate or not—as well as wireless providers, the U.S. Treasury, and the American economy. Today's hearing should help explore how the auctions can be structured to ensure a positive outcome for all involved. I thank the witnesses for their participation today and look forward to your testimony.